

## **Exhibit 292**

Hotel Buena Vista

Biloxi

April 14-15, 1951

Commission Members Present:

L. Howard Schriver, M.D., President; R. L. Novy, M.D., Vice President; O. B. Owens, M.D., Secretary; Jay C. Ketchum, Treasurer; L. K. Sycamore, M.D.; Charles G. Hayden, M.D.; F. E. Elliott, M.D.; John F. McCormack; Carlton E. Wertz, M.D.; Irving P. Borsher, M.D.; J. A. Daugherty, M.D.; H. V. Maybee; H. A. Schroder; R. S. Saylor; F. L. Feierabend, M.D.; W. R. McBee; A. J. Offerman, M.D.; Arthur M. Calvin; Donald Cass, M.D.; A. H. Tibbals; Charles Gordon Heyd, M.D.

Commission Members Absent:

A. R. Lutz, M.D.; E. B. Crawford; Paul R. Hawley, M.D.

Staff Members Present:

Frank E. Smith; John W. Castellucci, Kenneth E. Trim; Howard Hassard; Betty Horton.

Others Present:

Sam J. Barham; Kenneth K. Clark; D. T. Diller; George P. Farrell; M. K. Gale; L. G. Goodrich; Ira H. Lockwood, M.D.; J. H. Mathewson; H. T. McGuire, M.D.; H. R. Pezzutti, M.D.; L. J. Raider, M.D.; Carl F. Vohs, M.D.

The meeting was called to order at 10:00 AM, Saturday, April 14, 1951, by the President, L. Howard Schriver, M.D.

Minutes of Previous Meetings

Minutes of previous Commission meetings held in Cleveland on December 3-4, 1950, were mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that the minutes of the previous meetings, as noted above, be approved.

Minutes of Executive Committee Meetings

Minutes of the Executive Committee meeting held in Cleveland on December 2, 1950, were mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that the minutes of the meeting, as noted above, be approved.

Minutes of the Executive Committee meeting held in Cincinnati on February 18, 1951, were mailed to Commission members prior to this meeting.

Question was raised on the action taken relative to the election procedure followed in the selection of the Board of Directors of National Blue Shield Service, Inc. Redacted - Privilege

# Redacted – Privilege

Action taken: It was moved, seconded, and duly carried that approval of the minutes be tabled until explanation could be given.

## Treasurer's Report

Financial statement for the fourth quarter of 1950 was mailed to Commission members prior to this meeting.

It was reported the auditors have recommended that expenditures for furniture and fixtures be amortized over the usual period for such items rather than being charged directly to expense, and that future financial statements would reflect the change.

Action taken: It was moved, seconded, and duly carried that the financial statement be accepted.

The auditors' report for the year 1950 was presented.

Action taken: It was moved, seconded, and duly carried that the report be accepted.

Action taken: It was moved, seconded, and duly carried that the annual review of the Director's employment agreement be referred to the Executive Committee.

## Joint Executive Committee

It was reported the Joint Executive Committee at an early meeting on April 14 had discussed the following items, with the resulting actions:

The minor changes made in the Joint Operating Agreement during the past year were re-approved, and it was ordered that the agreement be rewritten, re-signed, and placed on file as a matter of record in the headquarters office.

It was recommended that the Blue Cross Commission agree to enter into an agreement for the protection of Blue Shield interests in the matter of copyrighting joint material. The joint copyright agreement is to be drafted by the respective attorneys of the Commissions and brought back at a later date for approval.

The question of the expansion of the Blue Cross Enrollment and Underwriting Committee to a joint committee was referred back to the Commissions for an expression of opinion, to be reported to the Joint Executive Committee at a subsequent meeting in Biloxi.

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It was recommended that the respective Commissions be requested to

authorize the respective Executive Committees to work cooperatively together in the preparation of possible legislation, whenever deemed advisable, to be introduced into Congress to amend the Revenue Act to exempt such contributions from tax status.

The current status of Blue Cross and Blue Shield Plans under Wage Stabilization Regulations was reviewed. It was recommended that the respective Commissions be requested to authorize their respective Executive Committees to work cooperatively together on any proposals and further dealings in the whole area of wage stabilization and price controls.

The problem of coordinating the Inter-Plan Transfer proposals under consideration was reviewed. The question was tabled until a subsequent meeting of the Joint Executive Committee in order that developments at the conference might be known.

There was brief discussion of the 1952 and 1953 conferences. The matter was deferred until a subsequent meeting of the Joint Executive Committee in order that opinions might be taken into consideration.

Action proposed: It was moved and seconded that the Blue Cross Enrollment and Underwriting Committee expansion to include Blue Shield be approved and the Chairman authorized to appoint the Blue Shield members to that committee.

It was pointed out there is some confusion and lack of agreement as to what such a committee, whether singly or jointly, could take under consideration, that there is very little understanding on the part of the Joint Executive Committee of what this committee could do.

Action taken: It was moved, seconded, and duly carried that the motion be amended to table action until the following day in order to determine the functions the committee would cover, either as separate Blue Cross or Blue Shield committees or as a joint committee.

Action taken: It was moved, seconded, and duly carried that the Executive Committee be authorized to act with the Blue Cross Executive Committee in taking any action deemed advisable in connection with the taxability of employer contributions and in price and wage controls.

Further action taken: It was moved, seconded, and duly carried that the report of the Joint Executive Committee be approved as a whole.

Senate Subcommittee on Health

The material submitted by Blue Shield to the Senate Subcommittee on Health was reviewed. It was reported that Dean Clark called a meeting on February 14 in Washington, D.C., of representatives of the organizations meeting with him originally

in September, for the purpose of reviewing the material received and compiled by the Subcommittee staff. Subsequent to that meeting on February 14, a confidential committee print in the form submitted to the Subcommittee was received and comments requested. The first and final sections of that report were distributed in mimeographed form for examination. (Copy attached.)

Action taken: It was moved, seconded, and duly carried that discussion of the committee report be deferred until after the Commission had an opportunity to study it.

It was further reported that rather frequently and during the course of the dealings with Dr. Clark, requests for almost identical information have been received from I. S. Falk, and that on authorization of the Executive Committee no information has been furnished in reply to those requests.

No action required.

#### The Brookings Institution Study

It was reported that inquiry of The Brookings Institution revealed progress has been made in completing its study, "Availability of Health Service in the United States," and it is expected the manuscript will be ready for publication in June.

No action required.

#### Minutes of Executive Committee Meeting

Minutes of the Executive Committee meeting held in Cincinnati on February 18, 1951, were discussed in relation to the election procedure followed in the selection of the Board of Directors of National Blue Shield Service, Inc.

Action taken: It was moved, seconded, and duly carried that Enrollment Letter 51-8, dated March 16, 1951, and the accompanying ballot be added to the minutes of the Executive Committee meeting of February 18 as an exhibit.

Action taken: It was moved, seconded, and duly carried that the minutes of the Executive Committee meeting held in Cincinnati on February 18, 1951, be approved as amended.

Action taken: It was moved, seconded, and duly carried that Legal Counsel be instructed to draft suggested election procedures for presentation to the Plans at this conference.

#### National Blue Shield Service, Inc.

Action taken: It was moved, seconded, and duly carried that discussion of this agenda item be deferred until the following day.

Blue Shield Registration

Report was made on the present status of attempts to register the Blue Shield and the words "Blue Shield" with the U. S. Patent Office. It was reported that most, if not all, Plans in states permitting registration of service marks, have registered the Blue Shield locally. It was urged that consideration be given to a pooling agreement for local registration among the Plans for protection of the symbol and the words "Blue Shield."

Action taken: It was moved, seconded, and duly carried that, inasmuch as the symbol when registered will belong to Blue Shield Medical Care Plans, protection of the symbol be delegated to Blue Shield Medical Care Plans, and that the Commission so recommend to the member Plans.

Action proposed: It was moved and seconded that Legal Counsel be authorized to prepare a suitable pooling agreement whereby local Plans will give to the Commission certain rights to the symbol they have registered in their respective states, in order that there will be uniformity in the handling of the registration.

Amendment proposed: It was moved and seconded that action on the above be deferred until a committee can be appointed by the President to draft recommendations to be submitted to the Commission.

Action taken: On vote, the amendment was duly carried.

It was reported that the suggested modified design of the Blue Shield, ordered prepared by the Commission at its meeting in December, would be available for distribution the following day.

Action taken: It was moved, seconded, and duly carried that discussion of the agenda item on the modified Blue Shield symbol be deferred.

The meeting was recessed at noon until 2:00 PM.

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The meeting was reconvened at 2:15 PM by the President.

Budget for 1951

There were distributed a Comparison of the 1950 Budget with Expenses, Statement of Income Anticipated for 1951-52, and a proposed Budget for 1951-52. (Copies attached.)

Action taken: It was moved, seconded, and duly carried that the budget for 1951-52 be adopted as recommended by the Finance Committee.

On recommendation of the Finance Committee, an amendment was offered to Article VIII, Section 2, of the Constitution, changing the fiscal year of the corporation from January 1 to

December 31, inclusive, to July 1 to June 30, inclusive.

Action taken: It was moved, seconded, and duly carried that the above amendment to the Constitution be presented to the conference of Plans.

#### Blue Shield Commission for 1951-52

Report was made of the results of district elections of commissioners for the year 1951-52.

The election of commissioners at large was referred to the Commission for determination of the number of such positions to be filled for the ensuing year.

Action proposed: It was moved and seconded that all eight of the positions of commissioner at large be declared vacant to be filled.

By common consent, it was agreed that the motion should read "...that all eight of the positions of commissioner at large be declared vacant for consideration."

Amendment proposed: It was moved and seconded that a special committee be appointed by the President to act as a considering and nominating committee as to the wisdom of filling all eight positions at this time, and to submit names to this group for consideration as nominations to be considered by the Plans in voting, the committee to report on Sunday.

Action taken: On vote, the motion, as amended, was carried.

Letter from The American Society of Anesthesiologists, dated February 27, 1951, relative to Society representation on the Blue Shield Commission, was mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that consideration of this letter be referred to the above special committee.

#### Wage Stabilization Board

A report on activities in connection with the Wage Stabilization Board, undertaken at the request of the Executive Committee in conjunction with Blue Cross, was mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that the report be received.

#### Physician Relations Activities

Minutes of the meeting of the Physician Relations Committee held on February 2, 1951, were mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that the minutes be accepted.

Case Procedure Committee

Report of the Committee on Case Procedure was presented. (Copy attached.)

Action proposed: It was moved and seconded that a committee on committees, of not more than three members, be appointed to study the committee structure of the Commission.

Amendment proposed: It was moved and seconded that the Executive Committee be constituted a committee on committees to review the committee structure of the Commission as part of its duties.

Action taken: On vote, the amendment was carried, the motion was carried, and the motion as amended was carried.

Actuarial and Statistical Committee

Minutes of the meeting of the Joint Actuarial-Statistical Committee held on February 7, 1951, were mailed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that the minutes be received by the Commission and made an item of business for the following day when committee representatives would be available to answer questions.

It was requested that the administrative staff prepare a resume of the actions of the committee and the Commission in regard to the entire question of the Blue Shield Manual.

Blue Shield Achievement Awards

Report was presented on a proposed method of systematized achievement awards. (Copy attached.)

Action proposed: It was moved, seconded, and duly carried that the first section of the report, Enrollment Growth, become a part of the achievement award program, with presentation of certificates being made by representatives designated by the Commission rather than by district commissioners.

Amendment proposed: It was moved and seconded that the award system be made effective as of January 1, 1951.

Action taken: On vote, the amendment was carried, the motion was carried, and the motion as amended was carried.

Action taken: It was moved, seconded, and duly carried that the second section of the report, Millionth Members, be adopted as written.

Action taken: It was moved, seconded, and duly carried that the third section of the report, Anniversaries, be adopted.

Further action taken: It was moved, seconded, and duly carried that the report as a whole be accepted.

The meeting was recessed at 4:40 PM until 9:30 AM, April 15.

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The meeting was called to order at 10:00 AM on April 15 by the President, when a quorum was reached.

Senate Subcommittee on Health

Action taken: It was moved, seconded, and duly carried that the matter of commenting on Dr. Clark's committee report be referred to the Executive Committee with authority to take such action as may be necessary.

National Blue Shield Service, Inc.

It was reported that an additional contribution in the amount of \$7,500 to National Blue Shield Service, Inc. had been received from Minnesota Medical Service.

Action proposed: It was moved and seconded that the contribution be accepted and transferred to the corporate funds of the national company and allocated to paid-in surplus.

It was stated that the supplemental contribution of \$5,000 from Pennsylvania and \$2,000 from Milwaukee were loans, and before taking action on the above motion it should be determined from the boards of those two Plans whether they wished to have the loans returned.

Amendment proposed: It was moved and seconded that the previous motion be tabled.

Action taken: On vote, the motion as amended was carried.

Action proposed: It was moved and seconded that the Director be empowered to ascertain the desires of Pennsylvania and Milwaukee with respect to their supplemental contributions, and if it be their desire to have the money returned the Director be empowered to do so.

Amendment proposed: It was moved and seconded that the motion be amended to empower the Executive Committee to carry out the desires of the involved Plans in returning the money.

Action taken: On vote, the motion as amended was carried.

Action taken: It was moved, seconded, and duly carried that Dr. Schriver be delegated to cast the vote of Blue Shield Medical Care Plans for the fifteen directors of National Blue Shield Service, Inc. to be elected at the meeting of the shareholders on April 16.

Action taken: It was moved, seconded, and duly carried that Dr. Schriver be instructed to vote for the ten nominees selected by the contributing Plans.

The five Commission nominees for directors of National Blue Shield Service, Inc. were selected as follows:

Action taken: It was moved, seconded, and duly carried that Dr. Hawley be nominated.

Action taken: It was moved, seconded, and duly carried that Mr. Coghlan be nominated.

Action taken: It was moved, seconded, and duly carried that Dr. Feierabend be nominated.

Action taken: It was moved, seconded, and duly carried that Dr. Wertz be nominated.

Action taken: It was moved, seconded, and duly carried that Dr. Owens be nominated.

Action taken: It was moved, seconded, and duly carried that the nominations be closed.

Action taken: It was moved, seconded, and duly carried that Legal Counsel report the list of fifteen nominees for directors of National Blue Shield Service, Inc. to the Plans on Monday, April 16, with full explanation of the procedure followed in selecting the nominees.

#### Blue Shield Registration

The report of the committee appointed to consider the recommendations for the drafting of a pooling agreement was presented. (Copy attached.)

Action taken: It was moved, seconded, and duly carried that the report of the committee be adopted.

Further action taken: It was moved, seconded, and duly carried that in carrying out the committee's recommendation the Director be instructed to obtain and prepare an accurate history of the Blue Shield symbol.

#### AMA Committee on Prepayment Hospital and Medical Service

The memorandum received from the AMA Committee on Prepayment of Hospital and Medical Service, under date of February 6, 1951,

was discussed.

Action taken: It was moved, seconded, and duly carried that receipt of the memorandum be acknowledged, that we are in general agreement with the ideas expressed, and every effort is being made by Blue Shield to make a substantial contribution to clients' additional coverage.

#### Guarantee Fund for Blue Shield Plans

A memorandum outlining the concept of the guarantee fund principle and how it might be met, as prepared by the Blue Cross Commission, was distributed to Commission members prior to this meeting.

Action taken: It was moved, seconded, and duly carried that any further information developing from Blue Cross deliberations on this matter, as may be made available to Blue Shield, be furnished to the Commission and Plans with reference to establishment of a guarantee fund.

The meeting was recessed at noon until 2:00 PM.

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The meeting was reconvened at 2:15 PM by the President.

#### Possible Re-enactment of E.M.I.C. Program

There was read a letter dated March 29, 1951, received from the Committee on Maternal and Child Care of the Council on Medical Service, relative to possible re-enactment of a program similar to the Emergency Maternity and Infant Care Program operated during World War II. The Committee requested the opinion of the Blue Shield Commission as to the feasibility of handling such a program through the prepayment plans.

Action taken: It was moved, seconded, and duly carried that the letter be answered to the effect that it would be possible for the Blue Shield Plans to handle such a program as far as the administrative problems are concerned, but the policy question of handling such a program would have to be determined at the local level by the sponsoring medical societies.

#### Michigan Resolutions

Action taken: It was moved, seconded, and duly carried that the resolutions be referred to the Executive Committee for consideration, the Committee to report to the next meeting of the Commission.

#### Blue Shield Commission for 1951-52

The report of the special committee, appointed to consider the letter dated February 27, 1951, received from The American Society of Anesthesiologists, and the filling of the positions of

of Commissioners at Large, was presented.

Action taken: It was moved, seconded, and duly carried that the committee's recommendation with respect to the letter received from The American Society of Anesthesiologists be adopted, and the Director instructed to answer the letter by reporting the results of the Commission election.

It was recommended in the second section of the committee report that as a matter of policy Commissioners at Large be restricted to those who have served on the Commission and that nominations for those positions be made by the Commission six months before the date of election.

Action taken: It was moved, seconded, and duly carried that the policy recommended by the committee be adopted.

It was recommended in the third section of the report that three vacancies in Commissioners at Large be filled, Mr. Ketchum for three years, Dr. Heyd for two years, and Dr. Hawley for one year.

Action taken: It was moved, seconded, and duly carried that Mr. Ketchum be nominated for a three-year term.

Action taken: It was moved, seconded, and duly carried that Dr. Heyd be nominated for a two-year term.

Action taken: It was moved, seconded, and duly carried that Dr. Hawley be nominated for the unexpired one-year term of the two-year vacancy.

Further action taken: It was moved, seconded, and duly carried that the report of the committee be approved in full.

#### Inter-Plan Transfer Committee

It was the recommendation of the Inter-Plan Transfer Committee that no action on the proposed Inter-Plan Transfer Agreement be taken by Blue Shield at this time.

Action taken: It was moved, seconded, and duly carried that the matter be tabled.

#### Blue Shield Registration

The suggested modified design of the Blue Shield, ordered prepared by the Commission, was distributed and discussed.

Action taken: It was moved, seconded, and duly carried that the design be distributed at the annual meeting for consideration of the Plans.

There was presented a resume of the actions of the Joint Actuarial and Statistical Committee and the Commission relative to the entire question of the Actuarial and Statistical Manual.

Action proposed: It was moved and seconded that the Actuarial and Statistical Manual be adopted, that the amendments to the Manual contained in the minutes of the meeting of the Joint Actuarial and Statistical committee, submitted to the Commission on April 14, be adopted, such action being taken with the full understanding that some Plans will require an indeterminate length of time to comply, and with the full realization that when in operation certain adjustments in the Manual may be necessary.

Substitute action proposed: It was moved and seconded that the matter be tabled until the Commission meeting on April 19 in order to get an expression of opinion from the Plans in their meeting.

Action taken: On vote, the substitute action was lost.

Action taken: On vote, the original action was carried.

Further action proposed: It was moved and seconded to amend the Membership Standards to provide that it will not become mandatory on a Plan to adopt the Actuarial and Statistical Manual at the present time.

Amendment proposed: It was moved and seconded that the motion be amended to read that it will not become mandatory on a Plan to adopt the Actuarial and Statistical Manual before one year from date.

Action taken: On vote, the motion as amended was carried.

#### Membership Committee

It was the report of the Membership Committee that Northeastern New York Medical Service, Inc., Albany, had applied for full membership in Blue Shield Medical Care Plans, and it was the recommendation of the committee that the application be accepted.

Action taken: It was moved, seconded, and duly carried that the recommendation of the Membership Committee be accepted.

It was reported that Chautauqua Region Medical Service Plan, Jamestown, New York, had applied for associate membership, and it was the recommendation of the committee that the application be accepted.

Action taken: It was moved, seconded, and duly carried that the recommendation of the Membership Committee be accepted.

There was presented a proposed form to be used by applicants for associate membership, the form being an adaption of the form approved for use by applicants for full membership.

Action taken: It was moved, seconded, and duly carried that the form to be used in applying for associate membership be approved.

There was presented a proposed form to be used in the annual review of membership status of Plans, also an adaptation of the full membership form.

Action taken: It was moved, seconded, and duly carried that the matter be deferred and made a special order of business on the agenda for the Commission meeting on April 19.

Further action taken: It was moved, seconded, and duly carried that the effective date for initiating annual review of membership status be deferred for consideration at the same time as the proposed form.

Action taken: It was moved, seconded, and duly carried that the report of the Membership Committee be approved as amended or deferred.

National Blue Shield Service, Inc.

Action taken: It was moved, seconded, and duly carried that all previous motions pertaining to the election by the Commission of the five directors of National Blue Shield Service, Inc. be reconsidered and that the member Plans in annual meeting be requested to nominate the five said directors, or others.

Action taken: It was moved, seconded, and duly carried that Dr. Schriver be designated to cast the votes of Blue Shield Medical Care Plans for the five directors on the board of National Blue Shield Service, Inc. elected by the Commission; that he be instructed to put in nomination the names of Doctors Feierabend, Wertz, Hawley, Owens, and Mr. Coghlan, with the member Plans given the privilege of making nominations from the floor for the five positions to be filled by Blue Shield Medical Care Plans.

The meeting was adjourned at 4:45 PM

  
O. B. OWENS, M.D.  
Secretary